

## Chairman's Pen



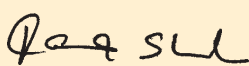
*My dear fellow exporters,*

*While no policy announcement were made by Government, there were reports in the media last week that the Prime Minister has called a meeting of the RBI, Finance Ministry and the Commerce Ministry on July 10th to consider measures to support the losses suffered by the exporting community in India. The Commerce Ministry is also looking at the suggestion of the Council to reduce the value addition norm from 50% to 25% for the DEPB benefits and accordingly the Council contacted many among you for shipping bills and bill of entry to enable the Government to increase the DEPB Rates. I must also inform you that the Government looking at a package of measures comprising of enhancing DEPB Rates, Duty Drawback as well as increasing softer export credit for the benefit of small and medium scale exporters.*

*This apart, the Council will also be attending the first meeting of the External Group set up by the RBI to consider Export Credit Target for the SME sector on July 11, 2007 at Mumbai where issues of concern with regard to export credit will be discussed. Increasingly, the banking sector is bypassing the export credit needs of the SMEs, perhaps, on the ground that the Non-Performing Assets of the SMEs is around 20%. The Council considers this to be an extremely myopic view given that it is a well-established fact that the NPAs of the large scale sector are no less if not larger. Moreover, our organized banking sector needs to realize that the employment intensity of the SME sector, particularly, the exporting segment of the SMEs are much higher than the national average and by denying credit access to the SME sector, considerable harm is being caused to not only exports from India but also towards creating enhanced employment opportunities.*

*The Council has also presented to the Government its suggestions with regard to the Non-Tariff Barriers database that the Government is developing. This is, indeed, an important initiative by the Department of Commerce and the Council hopes that the Government will look at the issues that are being sent to them in their negotiations with our trade partners. Another important development has been that the Government has kindly accepted our request to look at issue of a Raw Material Policy, particularly, in the light of an appreciating Rupee as also the sharp escalation in raw material prices due a slight mismatch in demand and supply. It is important that competition should be encouraged in all markets and cartelization by a few players in any segment of the industry should be discouraged. The Council hopes to work with the Government in this regard and I will keep you posted on developments on this front in the days ahead.*

*Yours sincerely,*



(RAKESH SHAH)